

FIG. 1



A graph illustrating a probability distribution curve 302. The vertical axis is labeled  $P$  and the horizontal axis is labeled  $q$ . The curve is bell-shaped. A confidence interval 304 is marked on the  $q$ -axis between points  $q_0$  and  $q_f$ . The area under the curve between  $q_0$  and  $q_f$  is shaded with diagonal lines and labeled CONFIDENCE VALUE 306. The label PROBABILITY DISTRIBUTION CURVE 302 points to the curve itself.

FIG. 3

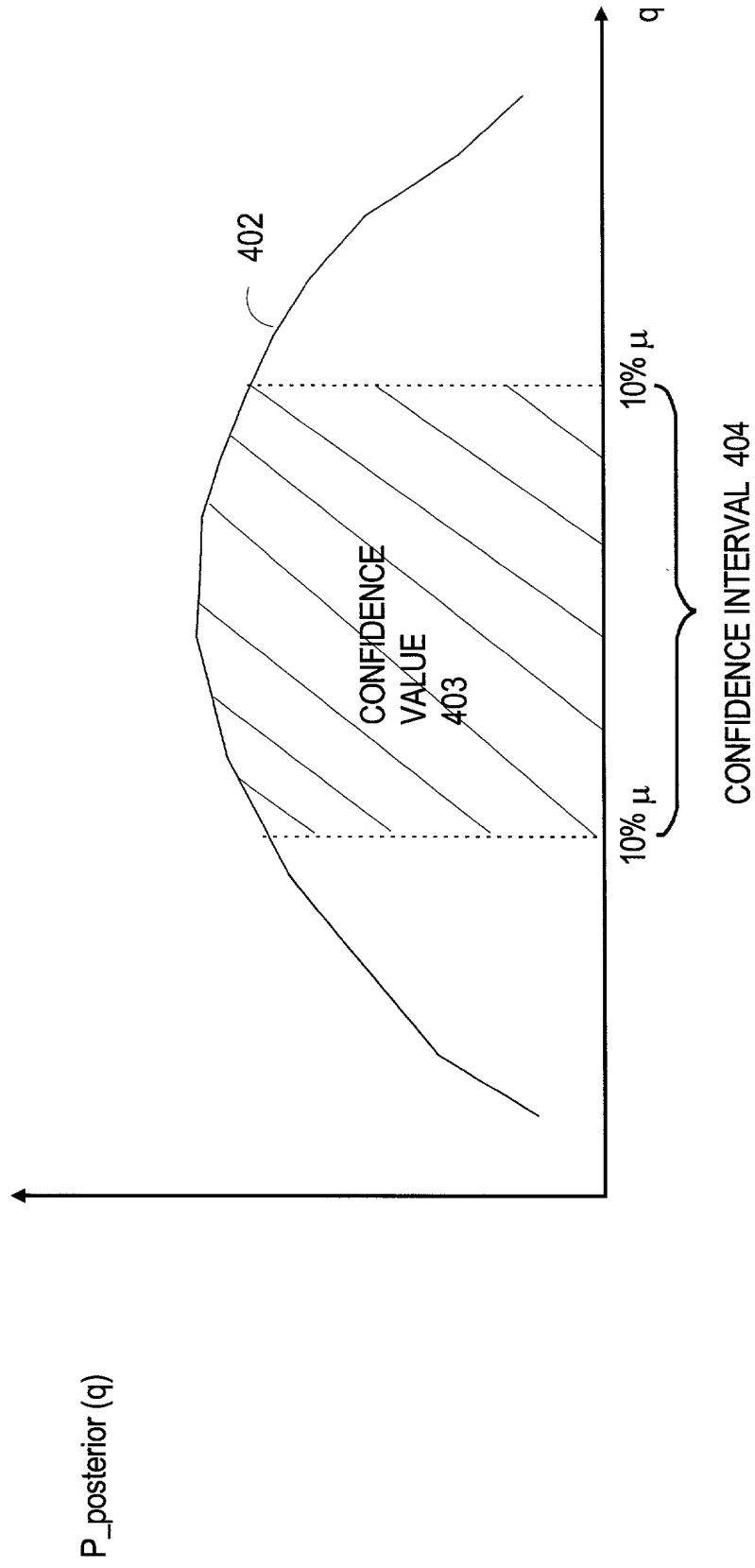


FIG. 4A

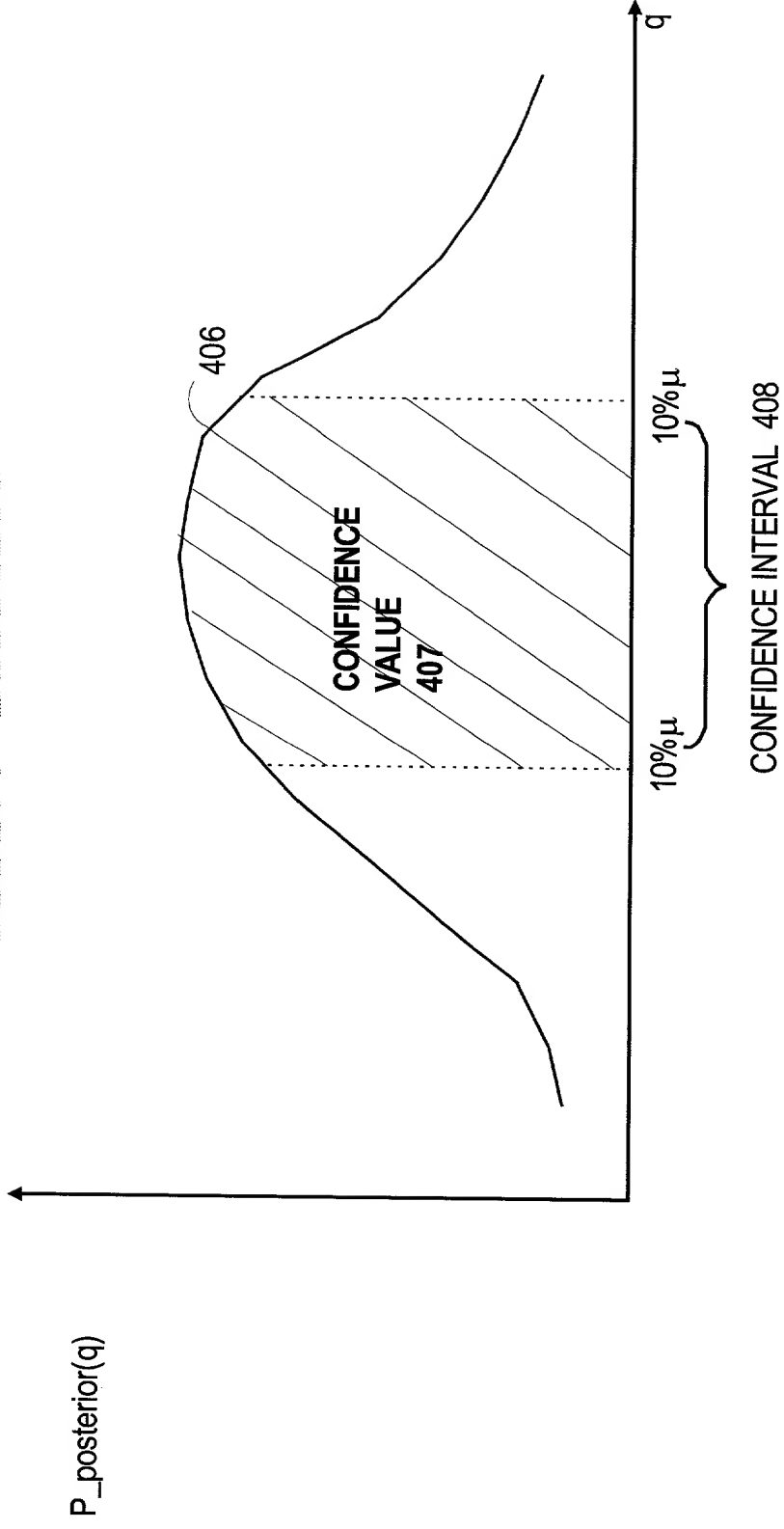


FIG. 4B

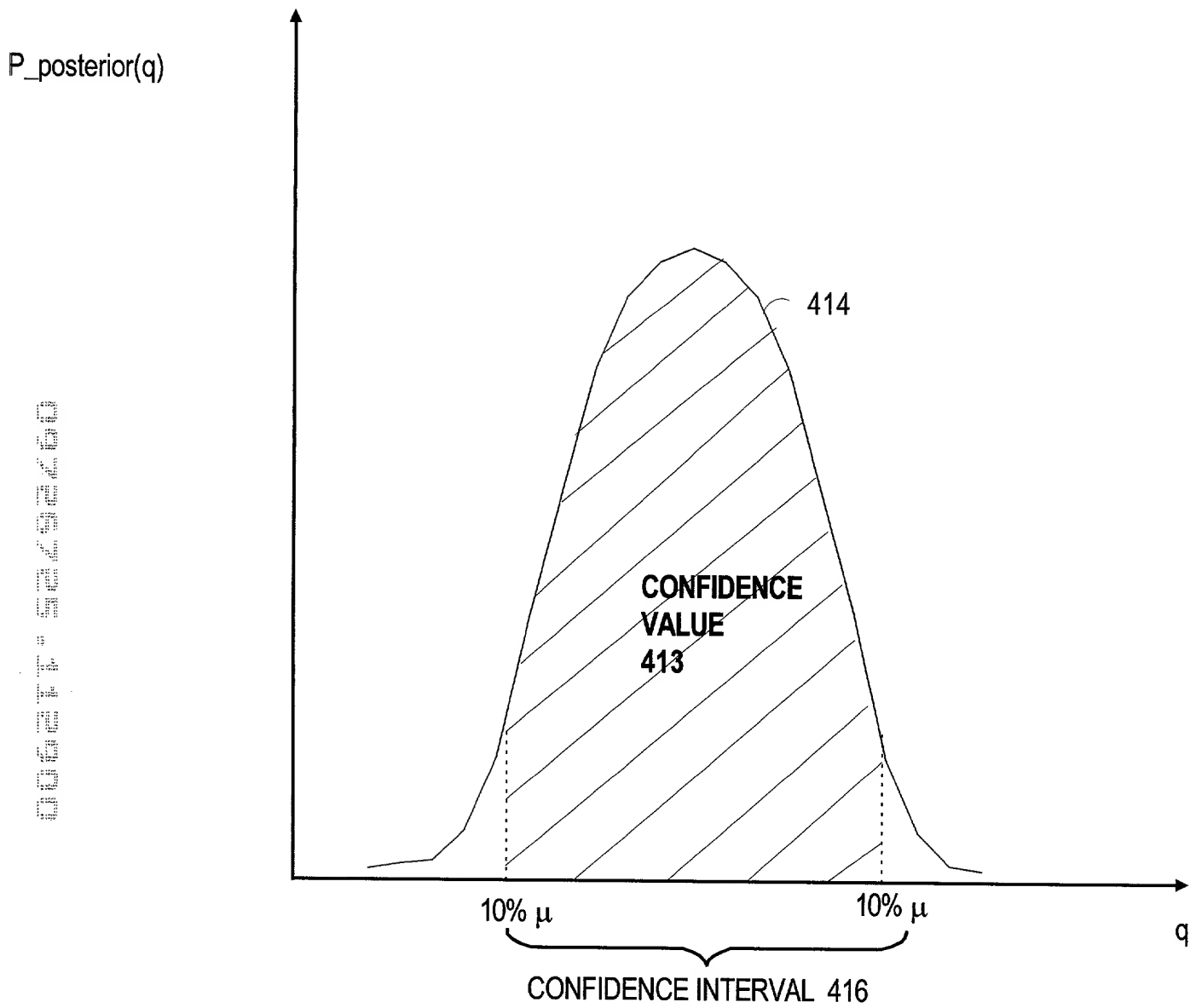


FIG. 4C

SELECT PRICE CANDIDATES FOR PARALLEL CALIBRATION FROM A POOL OF UNTESTED PRICE CANDIDATES

502

MARK SELECTED PRICE CANDIDATES AS ACTUAL PRICE CANDIDATES FOR THE PARALLEL OFFERING PROCESS

504

TAKE L2B (DEMAND) MEASUREMENT FOR EACH ACTIVE PRICE CANDIDATE

506

DETERMINE A PROBABILITY DISTRIBUTION OF THE DEMAND CORRESPONDING TO EACH L2B MEASUREMENT BY USING A BINOMIAL MODEL OF DEMAND

508

APPLY BAYESIAN UPDATE WITH EACH SUCCESSIVE L2B MEASUREMENT FOR EACH ACTIVE PRICE CANDIDATE UNTIL THE PROBABILITY DISTRIBUTION OF DEMAND OF ONE OF THE ACTIVE PRICE CANDIDATE CONVERGES

510

MARK THE FIRST-TO-CONVERGE PRICE CANDIDATE AS BASELINE PRICE

512

CONTINUE TAKING SUCCESSIVE L2B MEASUREMENTS FOR EACH OF THE ACTIVE PRICE CANDIDATES AND APPLYING BAYESIAN UPDATE WITH EACH SUCCESSIVE L2B MEASUREMENT UNTIL AN ACTIVE PRICE CANDIDATE REACHES CONCLUSIVE PERFORMANCE

514

GO TO  
BLOCK 520  
OF FIG. 5B  
516

FIG. 5A

FIG. 5B



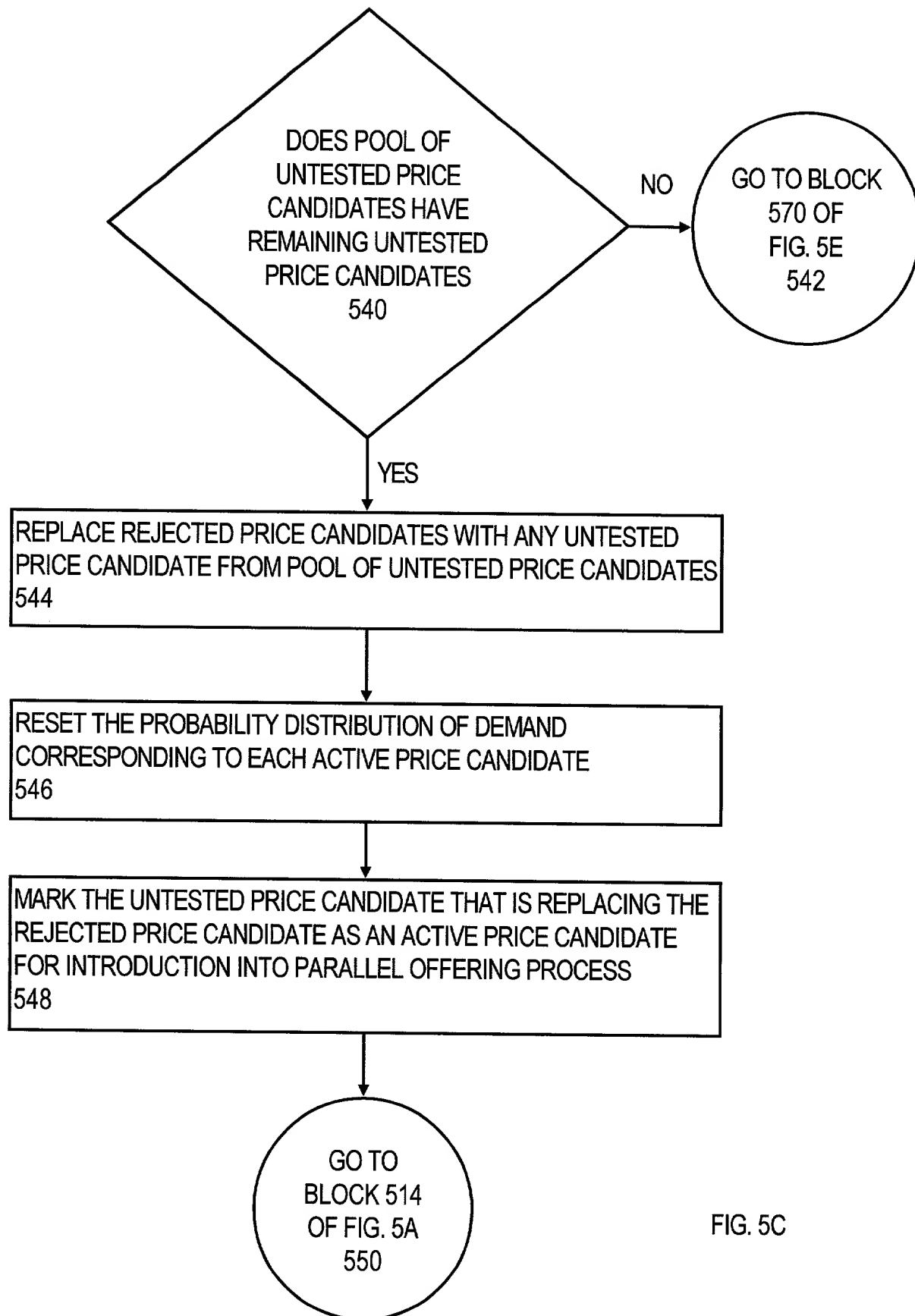


FIG. 5C

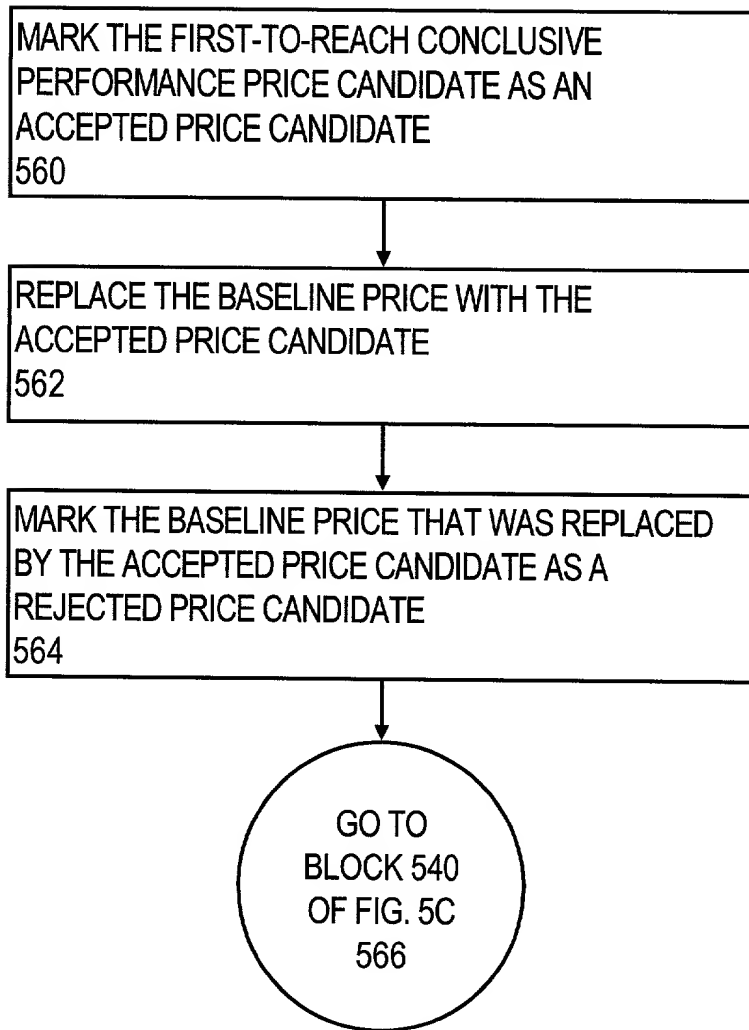


FIG. 5D

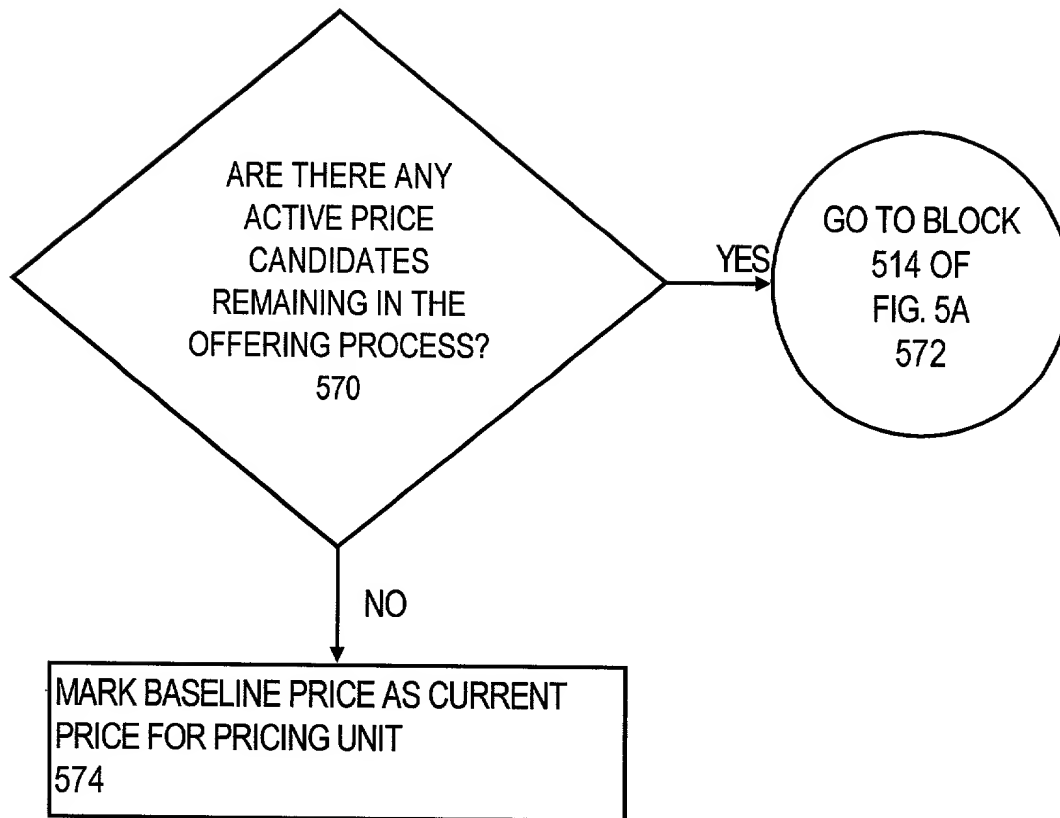


FIG. 5E

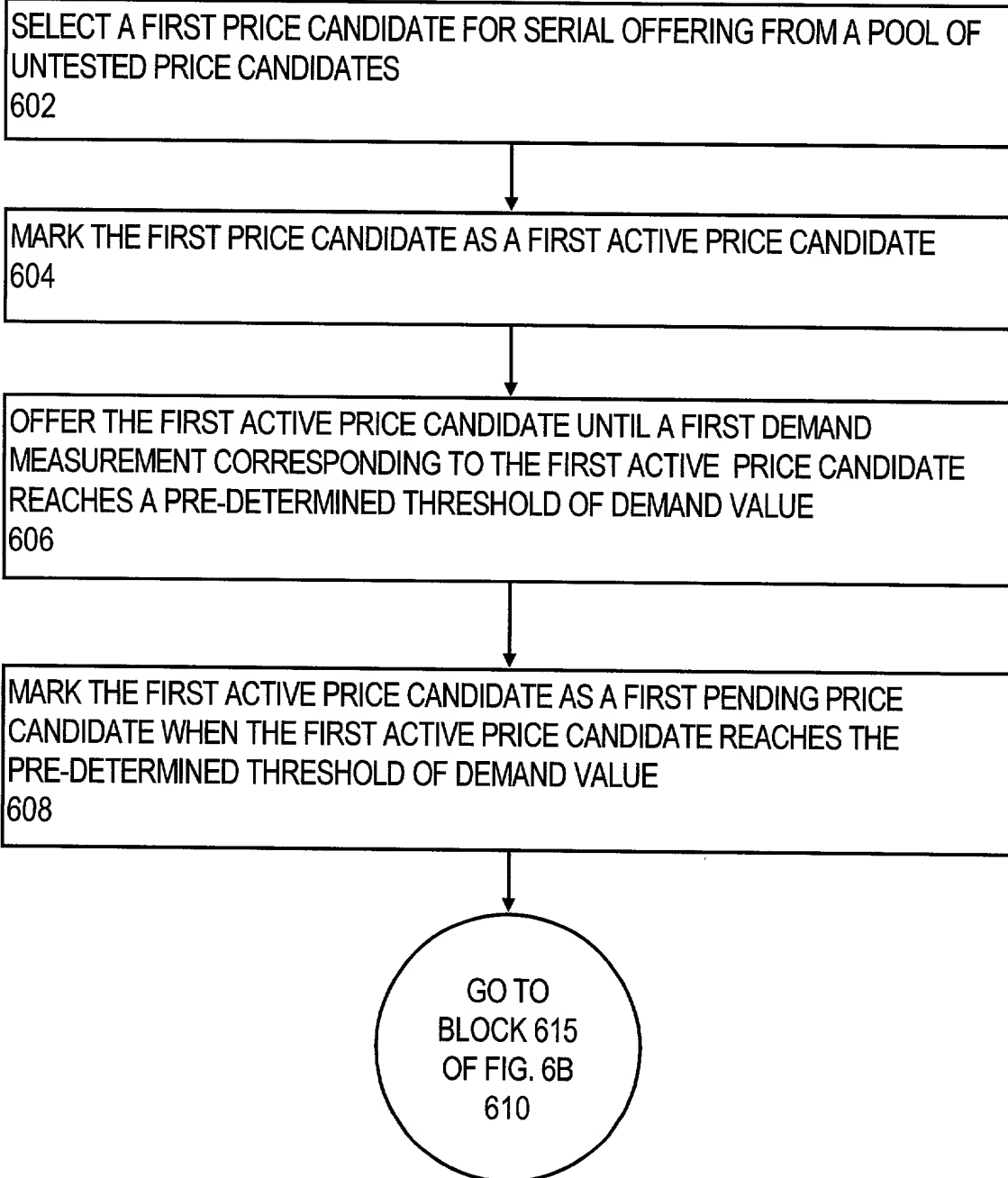


FIG. 6A



SELECT FOR OFFERING UNTIL CONVERGENCE ONE OF THE TWO  
PENDING PRICE CANDIDATES  
625

IF THE SELECTED PENDING PRICE CANDIDATE REACHES  
CONVERGENCE, THEN USE THE SELECTED PENDING PRICE  
CANDIDATE AS A BASELINE PRICE. OTHERWISE, GO TO BLOCK  
645 OF FIG. 6E  
627

DETERMINE WHETHER THE REMAINING PENDING PRICE  
CANDIDATE THAT WAS NOT SELECTED FOR OFFERING UNTIL  
CONVERGENCE OUT-PERFORMS OR UNDER-PERFORMS THE  
BASELINE PRICE  
629

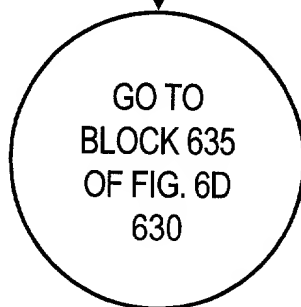


FIG. 6C

IF THE REMAINING PENDING PRICE CANDIDATE THAT WAS NOT  
SELECTED FOR OFFERING UNTIL CONVERGENCE  
OUT-PERFORMS THE BASELINE PRICE, THEN REJECT THE  
BASELINE PRICE AND USE THE REMAINING PENDING PRICE  
CANDIDATE THAT OUT-PERFORMS THE BASELINE PRICE AS THE  
SURVIVING BASELINE PRICE  
635

IF THE REMAINING PENDING PRICE CANDIDATE THAT WAS NOT  
SELECTED FOR OFFERING UNTIL CONVERGENCE  
UNDER-PERFORMS THE BASELINE PRICE, THEN REJECT THE  
REMAINING PENDING PRICE CANDIDATE THAT UNDER-PERFORMS  
THE BASELINE PRICE AND USE THE BASELINE PRICE AS THE  
SURVIVING BASELINE PRICE  
637

GO TO BLOCK  
675 OF FIG. 6 H  
639

FIG. 6D

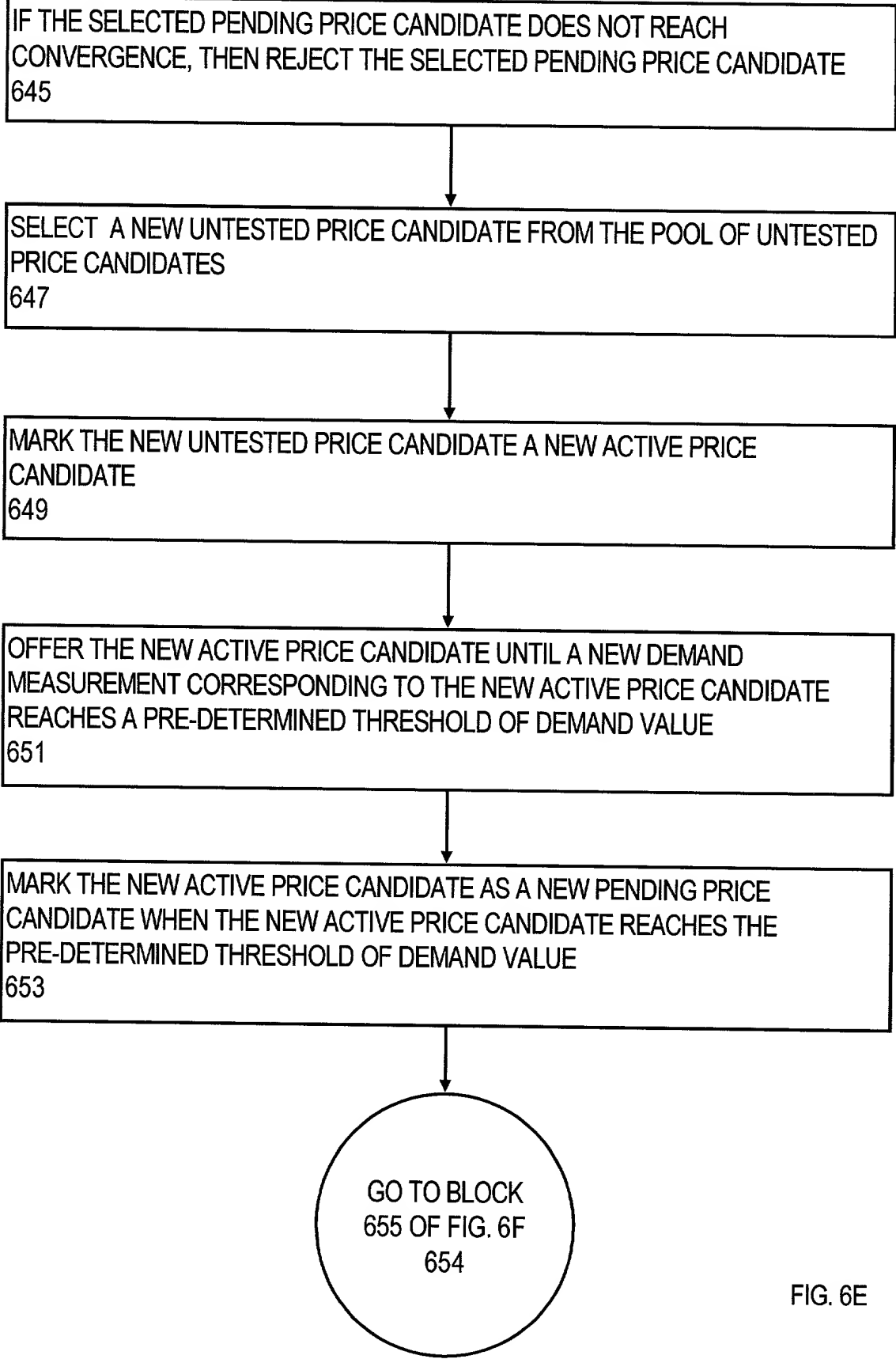


FIG. 6E



SELECT FOR OFFERING UNTIL CONVERGENCE ONE PENDING PRICE CANDIDATE THAT IS A MEMBER OF A NEW SET OF PENDING PRICE CANDIDATES THAT INCLUDES THE REMAINING PENDING PRICE CANDIDATE THAT WAS NOT SELECTED FOR OFFERING UNTIL CONVERGENCE IN FIG. 6C AND THE NEW PENDING PRICE CANDIDATE OF BLOCK 653

655

DOES THE SELECTED  
PENDING PRICE  
CANDIDATE REACH  
CONVERGENCE?

657

NO

GO TO BLOCK 645 OF FIG. 6E

659

YES

USE THE SELECTED PENDING PRICE CANDIDATE THAT REACHES  
CONVERGENCE AS THE BASELINE PRICE

661

DETERMINE WHETHER A NEW REMAINING PENDING PRICE CANDIDATE THAT  
WAS NOT SELECTED FOR SERIAL OFFERING UNTIL CONVERGENCE FROM THE  
NEW SET OF PENDING PRICE CANDIDATES OUT-PERFORMS OR  
UNDER-PERFORMS THE BASELINE PRICE

663

GO TO  
BLOCK 670  
OF FIG. 6G  
665

FIG. 6F

IF THE NEW REMAINING PENDING PRICE CANDIDATE THAT WAS NOT SELECTED FOR OFFERING UNTIL CONVERGENCE OUT-PERFORMS THE BASELINE PRICE, THEN REJECT THE BASELINE PRICE AND USE THE NEW REMAINING PENDING PRICE CANDIDATE THAT OUT-PERFORMS THE BASELINE PRICE AS THE SURVIVING BASELINE PRICE  
670

IF THE NEW REMAINING PENDING PRICE CANDIDATE THAT WAS NOT SELECTED FOR OFFERING UNTIL CONVERGENCE UNDER-PERFORMS THE BASELINE PRICE, THEN REJECT THE NEW REMAINING PENDING PRICE CANDIDATE THAT UNDER-PERFORMS THE BASELINE PRICE AND USE THE BASELINE PRICE AS THE SURVIVING BASELINE PRICE  
672

GO TO  
BLOCK 675  
OF FIG. 6H  
673

FIG. 6G

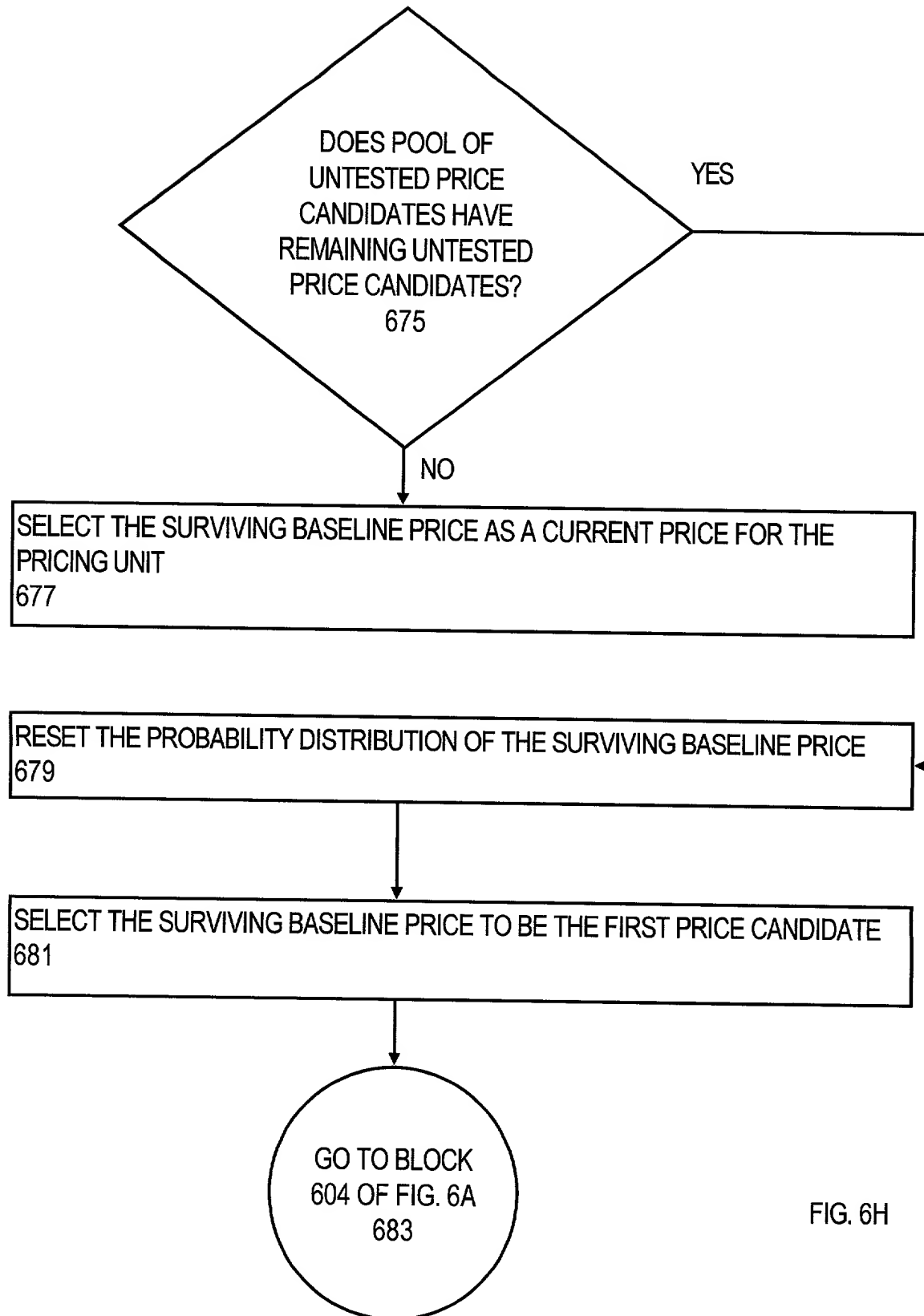


FIG. 6H

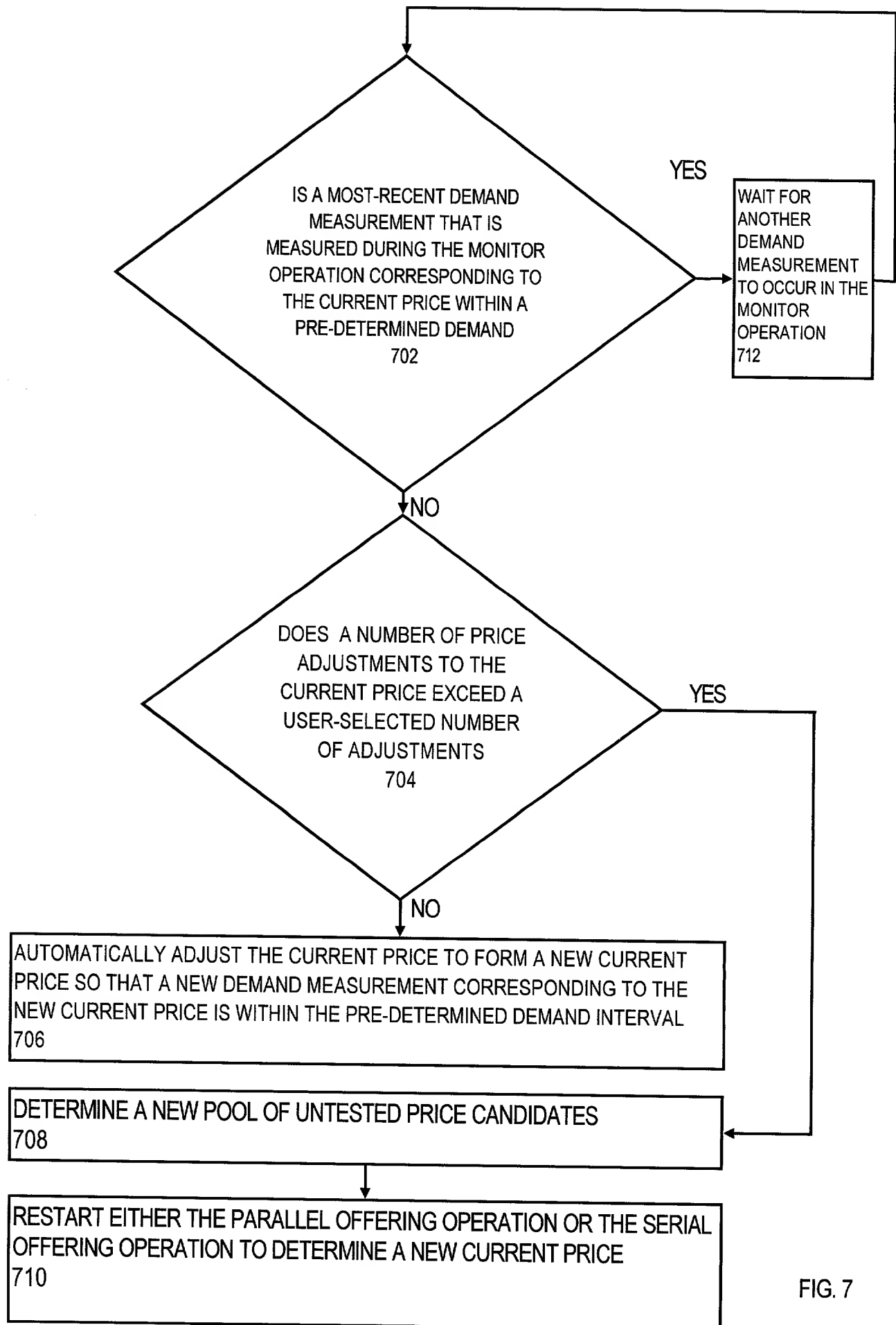


FIG. 7

FIG. 8

